Prepared Statement
On
Russia's Presidential Elections
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Although there has been a certain thaw in our relations with Russia over the past few weeks, it is still safe to say that they have reached their nadir since the breakup of the Soviet Union. During the past year, senior Russian government officials have at times resorted to rhetoric reminiscent of the Cold War. The United States is treated with increasing suspicion in commentary in Russia's mainstream press. Department of State polling has traced a steady decline in favorable opinion of the United States among Russians from over 70 percent in 1993 to just 47 percent earlier this year.

Meanwhile, in the United States, the once prevailing image of Russia as an aspiring democracy has given way to one of Russia as a hapless land of massive corruption, pervaded by organized crime. The American political establishment suffers from a severe case of Russia fatigue. Growing numbers of Americans believe that Russia simply does not matter that much any longer in the world and that the United States can and should pursue its interests with little reference to Russia. Few Americans would advocate gratuitously harming Russia, but equally few are prepared to spend much time, energy, or money to nurture good relations with Russia.

Three events over the past year and a half were pivotal in fueling this deterioration in relations: Russia's financial collapse in August 1998, the Kosovo conflict, and Chechnya.

The financial collapse marked the failure of the grand project of quickly building a vibrant democracy and robust market economy in Russia along Western lines. For many Russians, it confirmed suspicions that the West was not trying to help their country rebuild but rather seeking to turn it into a third-rate power. In the West, and particularly in the United States, we began to take a more sinister view of Russia. Because we tend to think there is something natural about the emergence of democracies and market economies, many Americans see the problems in Russia as a sign of some profound

moral flaw in Russia's national character.

The Kosovo conflict, at a time when NATO was adopting a new strategic doctrine and adding new members, confirmed Russians' worst fears about the Alliance. Moreover, Kosovo underscored just how far Russia's international standing had fallen during the nineties and how little its voice mattered in world affairs, even in Europe, a region of vital significance to Russia. While many in the West hailed the role that then President Yeltsin played in bringing the conflict to an end on NATO's terms, much of the Russian political elite interpreted this as a sign of Russia's weakness; some even saw it as a betrayal of Russia's interests. While most Americans saw the Russian "dash to Pristina" as an ill-conceived act of desperation, most Russians applauded it as a demonstration of Russia's will and ability to carry out a military operation even in the face of NATO's opposition.

Chechnya has dramatically underscored the gap between Russian and American elites and broader publics. While we have been appalled by the brutality of Moscow's military operation, Russians have approved it as necessary to putting an end to the terrorist threat emanating from Chechnya, restoring order to a Russian territory, and safeguarding the country's territorial integrity. Against the background of what Russians saw as an illegal and inhumane NATO air campaign in Kosovo, Russians have been incensed by the West's criticism of their actions in Chechnya. The criticism is, to their minds, evidence of a double standard, of a refusal to treat Russia as an equal, and of an unwillingness to appreciate the depths of the problems Russia now confronts, problems, moreover, that many Russians believe arose out of their following Western advice over the past decade.

Both Russian and American leaders would like to halt - and if possible reverse - this deterioration in relations before it does irreparable harm. Each side recognizes that the other will remain critical to its own security and well-being well into the future. The emergence of a new leadership in Russia, the transfer of power from President Yeltsin to President Putin, provides an opportunity to put the relationship back on track. Whether this opportunity will be seized remains an open question. Much, to be sure, will depend on the course the new Russian leadership takes. There are actions, for example, in Chechnya and, more broadly, in the area of human rights and civic freedoms, that the Russian government could take that would undermine all hopes for near-term improvement in relations.

At the same time, in plotting our course toward improved relations, we need to take a hard look at Putin, appreciate the complexity of the problems confronting him and the constraints on his ability to act, separate the substance from the style of Russian foreign policy and determine where differences over substance preclude productive interaction, and articulate clearly what we need from Russia to build public support at home for active engagement with Russia. Moreover, we need to keep our goals in line with Russia's capabilities if we are to avoid the cycle of great expectations followed by profound disappointment and mutual acrimony that has bedeviled the relationship over the last several years.

Russian Democracy Fragile at Best

Putin's election as president on March 26 marked the first democratic transfer of power in Russian history, the Clinton Administration and many commentators have maintained. And, indeed, the election probably met minimal standards for being declared democratic and free and fair. Turnout was just under 69 percent; the voters had a choice of eleven candidates representing a range of political views. While there have been charges of fraud, and it is likely that fraud did occur in some districts, no one has offered credible evidence of massive fraud that would have denied Putin victory in the first round. The official electoral results were in line with pre-election polling. The only surprise was that the communist party candidate did better than expected, and that was unlikely the result of widespread fraud. Consequently, we can be confident that Putin's election at some level represents the will of the Russian people.

This is not to say that all is well with democracy in Russia. Far from it, particularly when one looks beyond the simple mechanics of voting and vote counting to the deeper political structures and the vitality of democratic virtues. At a minimum, Putin's phenomenal rise from political obscurity to Russia's highest office in eight months should give pause to anyone concerned about the consolidation of democracy. The rapidity with which Russians swung from overwhelming support for former Prime Minister Primakov to overwhelming support for Putin underscores how unstructured Russian society is, how poorly societal interests are articulated, and, thus, how easy the electorate is to manipulate. That Putin’s rise came against the background of a shockingly brutal, but seemingly successful, military operation in Chechnya should raise concerns about the standing in Russian society of the democratic virtues of tolerance and compromise. The Kremlin’s cynical use of its near monopoly of the media last fall to destroy Putin’s rivals with half-truths and fabrications was hardly democratic in spirit, even if those opponents engaged in similar tactics

More troublesome is the near total absence in Russia of accountability to the public, the bedrock of democracy. As many commentators have pointed out, Putin failed to lay out a detailed political and economic program during the presidential campaign. He sent contradictory signals on his commitment to economic reform and democracy, telling different audiences what they wanted to hear. This is hardly unheard of in countries we call democratic without reservation. But the point is that the Russian public has no effective means to hold Putin accountable. Russia lacks a dense network of civic organizations to put pressure on the government between elections and check its behavior. Moreover, other elected officials, who might act as a democratic check on Putin, are no more beholden to their electorates than he is.

Constraints Confronting Putin

The reverse side of this lack of accountability is that Putin's popular mandate

brings him very little in the political arena in which he must now operate, one that is dominated by the competing elite circles and coalitions that have emerged over the past decade. There are few ways he can mobilize his popular support for political advantage now that the elections are over. There are no indications, for example, that the people are about to take to the streets in support of Putin as they did for Yeltsin a decade ago. Putin will require other resources to manage and discipline these elites, a task that is essential to his carrying out his agenda, whatever it might turn out to be. We should not overestimate his chances. He faces serious constraints. Four stand out.

First, although the Russian Constitution invests the president with vast powers, something that has given rise to the myth of a "superpresidency," in practice, his power is much less. Over the past decade, multiple autonomous centers of power have emerged as a result of the devolution, fragmentation, privatization, and erosion of state power. In relative terms, considerable power now lies in the hands of regional elites and business magnates, or "oligarchs" as they are often called.

The levers that Russian leaders once used to control regional elites have all atrophied. The dense, countrywide administrative structures of the Communist Party of the Soviet Union collapsed with the breakup of the Soviet Union and have yet to be replaced. Law enforcement agencies and the courts, even if nominally subordinate to Moscow, often do the bidding of regional leaders, because their officials are dependent on the goodwill of those leaders for housing, conveniences, and other amenities. Regional military commanders often cut deals with local elites to ensure an adequate flow of energy and provisions to their garrisons. As a result, the loyalty of the institutions of coercion to the Kremlin is dubious at best outside of Moscow.

The Russian president may be the strongest of all the centers of power, and he may be able to enforce his will on one or more of the competing centers. But even one-on-one, victory is not ensured; within just the past week Putin had to back down from an effort to depose the governor of his home region, St. Petersburg, a man for whom he has expressed contempt in public, because of the governor's formidable regional political machine. This failure only underscores the point that Putin certainly lacks the resources to take all the competing power centers on at once. In other words, he cannot govern the country against the wishes of the regional barons and oligarchs. At best, he can exploit the contradictions among them to expand his own room for maneuver, enhance his own power and authority, and rebuild the state as an autonomous entity. Success in such an effort is uncertain, however; it will require considerable political will, imagination, skill, and time.

Second, the resources are lacking for the vigorous pursuit of rebuilding the state, which Putin has set as his primary goal. In the past decade, Russia has experienced a socio-economic collapse unprecedented for a great power not defeated in a major war. The economy has been cut in half. Russia's GNP is now roughly 7 percent of the United States'. Although tax collection has improved over the past several months, the Russian federal budget still amounts to about $25 billion at current exchange rates, that is, roughly what the United States spends on the Intelligence Community alone. Putin does not have

resources to spend more on the military and security services, pay off pension and wage arrears, rebuild a shattered public health system and a deteriorating educational system, build up an independent judiciary, aggressively combat corruption, create the institutions of a well-functioning market economy, and so on. He will have to make difficult choices.

Third, Putin lacks sufficient loyalists to man the government. The conventional wisdom in Moscow is that it takes some 400 people to staff the key positions in the government and presidential administration. According to informed Moscow sources, Putin's bench of loyalist is very narrow, perhaps as few as forty people, largely drawn from his security services associates from St. Petersburg. Many of these individuals already hold important positions in Moscow, such as Sergey Ivanov, Security Council secretary, and Nikolay Petrushev, FSB director. Consequently, Putin will have to reach out beyond his loyalists to staff the government. Even if he appoints "technocrats," as he most likely will, they will be connected to one or another elite coalition vying for power and influence in Moscow; that is simply the nature of the Russian politics. This will produce a coalition government Russian-style, based not on political parties, but on elite coalitions and lobbies. Such a coalition will inevitably erode the cohesion and effectiveness of Putin's government.

Fourth, and perhaps most important, there should be serious questions about Putin's leadership abilities. Contrary to the conventional wisdom in Washington, we know much about Putin, more, for example, than we knew about either Gorbachev or Yeltsin when they assumed power. Little in his biography, however, is encouraging on the key question of whether he is prepared to lead Russia. His KGB days in Leningrad and East Germany, his term as deputy mayor of St. Petersburg in the early nineties, and his positions in Moscow since 1996 all suggest a man of limited horizons and narrow goals. He has spent most of his career as a deputy or less; rarely, has he been in charge. There is nothing in his background to suggest that he ever harbored ambitions to rise to the pinnacle of power in Russia, nothing to indicate that he has honed the political skills needed to impose his will on Russia's unruly political system. He may know the West better than any Russian leader since Lenin, because of his KGB experience, but he probably understands Russia more poorly than any Russian leader in the twentieth century - there is little evidence that he traveled widely around the country before he became Prime Minister last August.

Putin may surprise us, as have other gray figures in Russian history. He may turn out to be a forceful, energetic, effective leader with a compelling vision of what Russian can be both at home and abroad around which he can rally competing elites. Certainly, that is what the numerous Kremlin emissaries to this town over the past few months would like us to believe. At the moment, however, we are right to have our doubts.

Emerging Elite Consensus

Despite the constraints on Putin, there is still room for progress on the economic front, in the consolidation of society, and in the pursuit of a more coherent foreign policy.

With a different president perhaps even more progress could be made, for the past decade has not passed in vain, despite all the frustrations, disappointments, and setbacks. A broad, if shallow, consensus has emerged across the political spectrum - including most emphatically the communists - as Russians have come to realize that there can be no return to the Soviet past, even if many vehemently disagree with the policies of the past decade. Ideological cleavages have given way to competition among vested political/economic issues as the defining feature of Russian politics. This change is reflected in the composition of the new Duma, which is dominated by non-ideological, pragmatic - some would say cynical - deputies.

For all the resentment of the West, mainstream political figures admit that Russians themselves bear ultimate responsibility for what has become of their country. Moreover, in the past two to three years, they have come to accept the predicament their country faces. Putin himself made this point emphatically in a document he released at the end of last year, before Yeltsin's resignation, entitled "Russia at the Turn of the Millennium." Among other things, he noted that the Russian economy would have to grow at 8 percent a year for the next fifteen years for Russians to enjoy the standard of living now enjoyed by Spain and Portugal. Finally, Russians now realize that they must rely first of all on themselves in any effort to rebuild their country and regain their standing in the world.

In addition to this consensus, an improved economic outlook will give the Russian government more room for maneuver. The financial collapse of August 1998 turned out to be a blessing in disguise. The sharp devaluation of the ruble followed by a sharp rise in oil prices has fueled an economic recovery over the past year. In 1999, the economy turned in its first year of undoubted economic growth in the past decade, with GNP rising by over 3 percent. Forecasts for this year are for continued growth, perhaps as high as 5 percent. In the absence of more thoroughgoing reforms, this recovery remains fragile. But, for the moment, it has brought more money into the economy, increased tax collection, and put considerably more resources at the government's disposal.

What will this consensus and increased resources mean for Russian economic policy, domestic politics, and foreign policy over the near term?

On the economic front, we are likely to see progress on building a more favorable environment for investment, both domestic and private. But we are unlikely to see the radical breakthrough some are predicting: Even if the government comes up with a radical plan, implementation will be spotty, for that will require millions of Russians to change deep-seated habits and weak government institutions, particularly the judiciary, to enforce new legislation. Nevertheless, over the next several months, we are likely to see a new tax code that reduces and rationalizes taxes, progress on production sharing arrangements, and improved protection of minority shareholders' rights. The outlook for land reform is less certain. It remains a contentious issue, as it is in all societies moving away from traditional to more market-based forms of landholding, but support for land reform is growing. Over a quarter of Russia's eighty-nine regions have already passed

laws permitting the buying and selling of land, despite the absence of an overarching federal land code.

On domestic politics, Putin has set his primary goal as rebuilding the state. Progress will be slow, as Putin will have to sort out arrangements with still powerful regional elites if he is to create a flexible, productive federal system. Restoring order, another of Putin's priorities, could put some democratic freedoms at risk, particularly since Putin will have to rely on security services that have been left largely unreformed since the breakup of the Soviet Union. Moreover, Putin's own comments on the press, including his labeling of RFE/RL correspondent Babitskiy as a traitor for reporting on the Chechen side of the Chechen conflict, suggest less than a full commitment to some democratic freedoms.

Progress is also likely to be slow on two issues of great importance to the United States: corruption and the war in Chechnya. The corruption problem is massive; there are no simple quick solutions. Moreover, since virtually everyone is guilty in some way, unless the issue is treated with extreme care, any anti-corruption campaign risks looking like a politically motivated attack on one's opponents. Such an approach would create more problems than it would solve, while undermining efforts to democratize Russia. Bringing the Chechen conflict to a "victorious" end remains an imperative for Putin, in part because the military's loyalty is critical to his own power position and the military is intent on crushing the Chechen rebels. Moreover, in the eyes of the Russian public it is still his most visible success. Without major successes in other areas, Putin will have little room for negotiating a political solution to Chechnya. That said, as Chechnya looks increasingly like a quagmire, he will be seeking a face-saving way out of the conflict.

Foreign Policy under Putin

The broad outlines of Putin's foreign policy have emerged over the past several weeks in three documents that have been released or discussed publicly: the national security concept, the military doctrine, and the foreign policy concept. These documents have been in the works for several months and reflect not simply Putin's preferences but those of the Russian political elite as a whole. Three aspects of these documents merit particular stress.

First, they make clear that the major threat to Russia's security arises from internal decline and decay. As a result, the first goal of Russian foreign policy is to help create conditions that are conducive to internal reconstruction. This entails ensuring continued Russian access to Western money, technology, and markets, which is critical to economic recovery, as well as working to integrate Russia into the global economy as smoothly as possible. In the short-term, it also calls for stepped up efforts to restore relations with the IMF and to move ahead on debt restructuring or relief with the Paris Club.

Most important, the requirements of internal reconstruction require that Russia avoid confrontation whenever and wherever possible. In particular, the Russian

leadership understands that it cannot afford a complete break in relations with the West, even if it wants to pursue its own interests more aggressively in Europe, the Middle East, East Asia, and the CIS. In addition, while the Kremlin will continue to talk of Russia as a major force in world affairs, in practice it will tend to focus on those few areas that are genuinely critical to its own recovery, which include strategic relations with the United States, European security matters, the Caspian region, Iran, and the CIS, as well as admission to the World Trade Organization and access to Western markets. In other words, Russia will act like a regional, rather than a world, power, no matter what the rhetoric.

Second, as a result of developments over the past few years, Russia's attitude toward the outside world has changed. In an earlier version of the national security concept adopted in 1997, Russia saw the outside world, and particularly the West, as relatively benign. The latest foreign policy documents make it clear, however, that the West looms as something of a threat. The opening paragraphs of the new national security doctrine, for example, sharply contrast Russia's effort to build a multipolar world in which economic and political factors play an increasingly greater role with the alleged effort of the West led by the United States' to dominate international relations through unilateral actions, often involving the use of force.

Third, the Russian political elite is well aware that disarray and lack of coordination in foreign policy decision-making and implementation have only exacerbated problems arising from Moscow's shrinking resource base. The rapid turnover in key personnel - five Prime Ministers, three Foreign Ministers, three Defense Ministers, five Ministers of Finance, five heads of the Presidential Administration, and seven Security Council secretaries since January 1, 1996 - has hampered the pursuit of a coherent foreign policy, as have rivalries among ministries and large commercial entities, such as the gas monopoly, Gazprom, and one of Russia's leading oil companies, Lukoil. In the past, it often seemed that Russian policy was not so much set by the government as by the agencies that had assets to bring to bear on the issue, with decisions being made on the basis of narrow bureaucratic concerns rather than national interests. If Putin can impose greater coordination and coherence on Russian foreign policy - a big if - Russia could play a much more effective and active role abroad despite its current weakness.

Given these fundamental concerns, Putin will likely continue to reengage the West, and the United States in particular, as he has since he became acting President three and a half months ago. He is pressing for Duma ratification of START-2, which could occur this Friday. He will engage more actively in discussions of ABM Treaty modification, START-3, and national missile defense, despite deep-seated concerns about U.S. policies on missile defense. He will seek to invigorate Russia's contacts with NATO, as was evident in his decision earlier this year to meet with NATO's secretary general over the objections of his military.

If Putin turns out to be a strong leader, despite continuing doubts, the West could have greater confidence in his ability to cut deals and make them stick. That would be a major improvement over the last years of the Yeltsin era. Nevertheless, it would be a

grave mistake to think that rapid progress can be made on many of the issues on the U.S.-Russian agenda: ABM modification/START-3, Russian-Iranian relations, Caspian pipelines, and so on. These are complex matters that would be difficult to resolve even with much greater mutual trust than now exists.

U.S. Policy

Despite all the uncertainties about Putin and his policies, the United States should seize the opportunity of a new Russian leadership to reengage Russia in an effort to reverse the deterioration in our relations. This is not the place to go into to detail on how to approach specific issues, but some guidelines are in order.

The first task is to rebuild the trust that has been lost over the past few years, for that is indispensable to productive negotiation on strategic issues and non-proliferation concerns that lie at the top of our agenda with Russia. We can begin to do this in part by talking in less grandiose terms and more realistically about the quality of our relations with Russia. The Administration's earlier talk of "strategic partnership" created expectations in Russia that we were never prepared to meet, and our failure to meet them led many Russians to ascribe to us pernicious motives we never in fact entertained. Now is the time for a little honesty. Our relationship with Russia is not yet one of genuine partnership, nor is it likely to become one over the next few years. Building such a relationship is a worthy goal, but, for the moment, we have a mixed relationship of cooperation, competition, and neglect, depending on the specific issue. There is nothing unusual or wrong with this. This is the type of relations we enjoy with most countries around the world. We need to say this publicly.

In line with the real nature of our relations, we should make clear in our public pronouncements and private conversations that the intensity of our engagement with Russia will vary from issue to issue. On some issues, such as the strategic nuclear balance and proliferation of weapons of mass destruction, Russia will be the central focus of our policy. On others, such as European security, it will be one among a number of key players, but not necessarily the most important. On still others, such as security in East Asia, it will play a lesser role. On a range of global economic matters, it will be a secondary consideration at best. We also need to make clear that the continuation of Russia's brutal war in Chechnya will put strict limits on how far relations can improve.

In addition, as we seek to reengage with Russia, we need to appreciate Russia’s limited capacity to engage, both material and psychological. For this reason, it is imperative that the United States set realistic goals that take into account Russia’s dwindling resources and focus on issues where Russia remains relevant. That will produce the best chances for the success that is necessary to build public support in the United States for continued constructive engagement. On issues of economic and domestic political development, we should resist demanding too much of Russia, as we have in the past. We need to appreciate the full complexity of the challenges facing Russia as it moves away from its Soviet past and recognize that our own understanding of

the processes underway there is far from complete. Instead of pressing programs on Russians, we should let them take the initiative, while underscoring our readiness to help if the programs and policies they adopt make political and economic sense.

Finally, in engaging Russia, we should remain a respectful distance from the Russian leadership, in sharp contrast to the Clinton Administration's approach with Yeltsin. Intense relations will only warp our perceptions of developments in Russia, in particular by blinding us to the downsides, as happened with the Administration's embrace of Yeltsin. At the same time, we need to build a broader network of contacts, in Moscow and in the regions, both to obtain a fuller and more balanced picture of the situation in Russia and to help rebuild the reservoir of goodwill that has been drained over the last seven years.

Such engagement might lack the high drama of the past few years, and it might sound pedestrian to some. But only by lowering our expectations, by understanding where our interests overlap and conflict with Russia's, and by acknowledging the limits on our ability to cooperate, in short, only through greater realism, can we hope to put back on track relations with a country that will continue to be vital to our own security and well-being well into the future.